

□ 1130

# FED'S THREATENED INTEREST RATE HIKE SEEN AS UNJUSTIFIED

(Mr. VENTO asked and was given permission to address the House for 1 minute.)

Mr. VENTO. Mr. Speaker, today the Federal Reserve Board is meeting, and the speculation is that they are going to raise interest rates to tighten monetary policy by raising the discount rate gain. They have raised the discount rate six times in the last year. This will be the seventh increase, which has resulted already in over a 2½ percent, 250 basis point increase in the spread in terms of interest rates paid for by American consumers.

Of course, the fact is that the record indicates that this is simply not justified or necessary. Workers today are receiving very little increase in terms of compensation or wages, and the fact is that by not taking a raise, they are now going to in essence be faced with increased costs because of interest rates.

Car sales are down; home sales are down. Many of the indices in the American economy indicate that inflation is under control and the economy is not overheating, but the Fed is losing the capacity to deal with the responsibility of monetary policy by raising rates and by tightening monetary policy when it is not necessary.

Mr. Speaker, I hope the Federal Reserve Board today is listening behind their closed doors as they make this decision. We need them to play an independent and an objective role, not to overmanipulate and steal defeat from the jaws of victory when we have an economy in which Americans are working.

# STATES URGED TO JOIN THE HOUSE IN PASSING UNFUNDED MANDATES LEGISLATION

(Mr. EHLERS asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. EHLERS. Mr. Speaker, this morning we expect to pass a bill dealing with unfunded mandates, and I will be voting for that bill. I do want to make it clear that I do have some reservations in environmental areas, but those can be addressed as we go along.

The main purpose of my comments today is to point out that we are only part of the problem, and I challenge the States of these great United States to follow our example and pass unfunded mandates bills within their own legislative bodies.

In the State of Michigan we required a constitutional amendment initiated by the citizens of the State to address this problem. Since I have worked at the county commission level, the State legislative level, and the Federal level, I can assure the Members that everyone tries to pass mandates down to the

body below them and require them to pay the costs.

My challenge to the States is to follow Michigan's example—adopt a constitutional amendment as we did in Michigan and prohibit passing unfunded mandates down to cities, counties, townships, and other forms of government.

Mr. Speaker, I urge all the States to join us in this effort as we pass our unfunded mandates bill today.

# INTEREST RATE HIKE COULD KILL JOBS, SLOW ECONOMY GROWTH

(Ms. DELAURO asked and was given permission to address the House for 1 minute.)

Ms. DELAURO. Mr. Speaker, the Federal Reserve Board is meeting to consider yet another hike in interest rates. Democrats are united in opposing this increase, because we believe it will have a detrimental impact on working middle class families across the country.

In 1994 the Fed raised interest rates six times. Those rate hikes were designed to slow economic growth and head off inflation. But another increase now could slow the economy right into a recession just as the economic recovery is reaching working families.

In my home State of Connecticut, where job growth continues to lag behind the rest of the country, another rise in interest rates could kill jobs and keep the economy recovery from ever reaching hardworking families.

Mr. Speaker, it is true that our economy is not at full health. But prescribing another interest rate hike as a cure is like prescribing brain surgery for a headache. It is unnecessary, and it could kill the patient.

# MOVING ON

(Mr. JONES asked and was given permission to address the House for 1 minute.)

Mr. JONES. Mr. Speaker, today we will finish our debate on unfunded mandates. We are going to give our States and our local governments what they have asked for. Congress will stop mandating Federal programs it cannot pay for. Now it is time to move on.

Next on our agenda is the line item veto. This will provide another tool to cut spending and reduce the size of the Federal Government. Who knows, the power of the line-item veto might even stop a practice that has been around many years in Congress—porkbarrel projects.

Mr. Speaker, Republicans are committed to moving our Contract With America forward until it is completed. We have heard the people's mandate, and we will keep our promise to bring to the floor issues that produce real change. We are moving on to a future of a smaller, less costly, and more efficient government.

Mr. Speaker, I urge my Democrat colleagues to join with us to move forward with the people's demand for change.

# THE TRUTH IS LOOSE

(Mr. LEWIS of Georgia asked and was given permission to address the House for 1 minute.)

Mr. LEWIS of Georgia. Mr. Speaker, the Los Angeles Times succeeded in doing something this week that Speaker GINGRICH has refused to do for years—release the names of the contributors to his political machine, GOPAC.

The partial listing published by the Times shows that one couple gave GOPAC more than \$715,000 while other contributors made more than \$300,000 available apiece. But who and how many more contributors are there? There are many questions that remain unanswered.

That is why the chorus of respected voices calling for an outside counsel is getting louder and louder.

The New York Times, Roll Call, the respected public advocacy group, Public Citizen, former Special Counsel Richard Phelan, and Al Hunt of the conservative Wall Street Journal all agree: Only an outside counsel can put this matter to rest.

# FEDERAL RESERVE BOARD URGED TO FOREGO INTEREST RATE INCREASE

(Mr. GEJDENSON asked and was given permission to address the House for 1 minute.)

Mr. GEJDENSON. Mr. Speaker, the Fed Chairman tells us that senior citizens are benefiting by an overstatement of inflation in this country. The Fed Chairman told us there is a crisis in Mexico. It seems to me the Fed Chairman and his policy helped create the crisis in Mexico, and if he is correct about the fact that inflation is overstated in the indicators, then he ought not raise taxes and he ought not raise interest rates.

In my State and in my district in Connecticut, many people still want jobs that do not have them. A Fed policy that is based on creating more unemployed is an outrage in a country that is talking about putting people to work. You cannot sit there and tell us that you want welfare people to go to work and then raise interest rates so working people lose their jobs. If there ought to be jobs that are lost, they ought to be at the Fed. We ought to keep inflation not higher but lower so that more Americans go to work, so we can have a stronger economy and continue to reduce this deficit.

Mr. Speaker, the Fed policy goes against everything we have done to increase employment and cut the deficit. I say to the Chairman, "Don't raise interest rates anymore."